

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 1697 – SB 1783**

March 7, 2018

**SUMMARY OF ORIGINAL BILL:** Increases from, 20 to 100 percent, the portion of funds generated by the tax on overweight freight vehicles that is allocated General Fund.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Revenue – \$603,500/General Fund

Decrease State Revenue – \$603,500/Highway Fund

**SUMMARY OF AMENDMENT (014399):** Deletes all language after the enacting clause. Increases from \$0.05 to \$0.10 the amount due per pound on each pound of weight for a special zone freight motor vehicle on which the tax has not been paid, or an adequate tax has not been paid, and is found in operation, in addition to statutory registration taxes. Increases from \$0.05 to \$0.10 the amount per pound of tax due for each pound over the weight that the previously paid for a special zone freight motor vehicle when found to be operating at a weight over the limit for which was previously paid. Eliminates the lower rate of \$0.03 cents for such vehicles over the allowed weight limit.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Revenue – \$8,000/Recurring/Highway Fund  
\$2,000/Recurring/General Fund**

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 55-4-113(a)(7)(B), when a vehicle on which the tax has not been paid, or an adequate tax has not been paid, is found in operation, the owner or operator is currently required to register or, if applicable, re-register it in a suitable weight class and, in addition to the statutory registration taxes, shall be subject to a tax assessed at the rate of five cents per pound on each pound of weight for which no Tennessee tax has been previously paid.
- Pursuant to Tenn. Code Ann. § 55-4-113(a)(7)(C), when a vehicle registered in some class adequate for its lawful operational weight is found in operation at a weight exceeding the limit of the license, for which the tax has been paid, the operator is

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currently required to be assessed an additional tax at the rate of five cents per pound on each pound.

- The proposed legislation would increase the tax per pound from \$0.05 to \$0.10 for both scenarios and eliminates the lower rate of \$0.03 for such vehicles over the allowed weight limit.
- Based on information provided by the Department of Revenue, it is reasonably assumed the proposed legislation would result of an increase in state tax revenue exceeding \$10,000.
- Pursuant to Tenn. Code Ann. § 55-6-107(c), such tax revenue is distributed 80 percent to the Highway Fund and 20 percent to the General Fund.
- The recurring increase in state revenue to the Highway Fund is estimated to exceed \$8,000 (\$10,000 x 80%).
- The recurring increase in state revenue to the General Fund is estimated to exceed \$2,000 (\$10,000 x 20%).

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee" followed by a small, stylized monogram or initials "RNC".

Krista M. Lee, Executive Director

/rbp